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September 14, 1993

VIA EXPRESS MAIL

Ms. Tina Layre
New Jersey Department of Environmental
Protection and Energy
Industrial Site Evaluation Element
Bureau of Environmental Evaluation and
Cleanup Responsibility Assessment
401 East State Street
CN 028
Trenton, NJ 08625

Re: Hexcel Corporation
205 South Main Street
Lodi, Bergen County, New Jersey
ISRA Financial Assurance
ISRA Case No.: 86009
Our File No. 03597.17140

Dear Tina:

We represent Hexcel Corporation ("Hexcel") with regard to the above-referenced matter. Hexcel currently has financial assurance posted for ISRA Case No. 86009 in the amount of \$4 million dollars in the form of a Letter of Credit. We are hereby submitting a request, pursuant to ISRA Section 25, for release of the Letter of Credit and approval for replacement of the Letter of Credit with "self-guarantee remediation funding" as provided for under ISRA Section 25.

Joe -
Reduction
request -
approve w/
memo
Tina
SEP 15 1993
SEP 15 1993

SDMS Document



88376

Ms. Tina Layre
Re: Hexcel Corporation
September 14, 1993
Page 2

In support of this request, attached hereto please find the following:

1. Letter dated August 30, 1993 prepared by Killam Associates ("Killam"), the consultant on this matter, providing a cost estimate for the period of January through December of 1994 for the site; and
2. Pages 15 and 16 from the 1992 Summary Annual Report for Hexcel providing the 1992 net worth and net increase in cash and cash equivalents for 1992.

ISRA Section 25 provides that a person may self-guarantee a remediation funding source provided that the following criteria are met:

1. The cost of the remediation should not exceed one-third of the tangible net worth of the person required to establish the remediation funding source; and
2. The person has a cash flow sufficient to assure the availability of sufficient monies for remediation during the time necessary for the remediation. A person shall be deemed to possess the required cash flow if that person's gross receipts exceed its gross payments in that fiscal year and in an amount at least equal to the estimated costs of completing the Remedial Action Workplan scheduled to be performed in the 12-month period following the date on which this application for self-guarantee is made.

With regard to the first criteria above, as you can see from page 15 of the Annual Report, total shareholders' equity, i.e. net worth of Hexcel, was \$102,933,000 in 1992. As \$12 million would be sufficient to meet the "one-third" tangible net worth test, based on the required \$4 million financial assurance, the company clearly has more than adequate funds to meet the tangible net worth test.

With regard to the second criteria above, as you can see from page 16 of the Annual Report, cash flow in 1992, as described by

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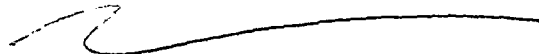
Ms. Tina Layre
Re: Hexcel Corporation
September 14, 1993
Page 3

the line item "net increase (decrease) in cash and cash equivalents" was \$529,000. According to the Killam cost estimate, the total projected remediation cost for 1994 is \$437,672. As \$529,000 exceeds \$437,672, we respectfully submit that the cash flow criteria above has been met.

As the criteria for ISRA Section 25 self-guarantee remediation funding has been met, as demonstrated by the attached documentation, we request that the NJDEPE issue a letter confirming that Hexcel is permitted to self-guarantee the remediation funding and that approval for release of the Letter of Credit will be issued by the Department. Additionally, also pursuant to ISRA Section 25, we request that the amount of financial assurance required, presently set at \$4 million dollars, be reduced to reflect work completed to this point. At this point, the recovery system has been installed at a cost of approximately \$750,000. We therefore request that the financial assurance amount required be reduced from \$4 million dollars to \$3,250,000 to reflect work performed in installation of the recovery system.

I will be following up with you shortly concerning the above requested approvals. In the interim, if you have any questions, please call this office.

Very truly yours,



Maura E. Lichtenstein

MEL:djo/L976

Enclosures

cc: Mr. Joseph Novak,
ISRA Case Manager (w/enc.) ✓
Mr. A. William Nosil (w/enc.)

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